

**Memorial Assistance Ministries**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2013 and 2012

# Memorial Assistance Ministries

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## Independent Auditors' Report

To the Board of Directors of  
Memorial Assistance Ministries:

We have audited the accompanying financial statements of Memorial Assistance Ministries, which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities, of cash flows, and of functional expenses for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements** – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

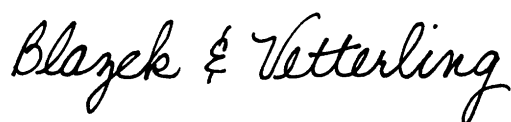
**Auditors' Responsibility** – Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion** – In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Memorial Assistance Ministries as of December 31, 2013 and 2012 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Restatement** – As described in Note 2 to the financial statements, Memorial Assistance Ministries' contributions and cost of donated goods sold during the year ended December 31, 2012 were restated to properly reflect the fair value of in-kind goods donated for resale in the resale store, and the related cost of donated goods sold. Our opinion is not modified with respect to this matter.



April 30, 2014

## Memorial Assistance Ministries

Statements of Financial Position as of December 31, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 1,140,368	\$ 878,257
Receivables and prepaid expenses	57,337	39,602
Certificates of deposit	250,189	
Resale shop inventory	292,531	233,197
Investments and cash, board-designated endowment <i>(Notes 4 and 7)</i>	904,710	600,000
Pledges receivable, net <i>(Note 3)</i>	337,005	625,885
Cash held for property expansion	117,824	484,531
Property, net <i>(Note 5)</i>	<u>6,391,916</u>	<u>6,534,658</u>
TOTAL ASSETS	<u>\$ 9,491,880</u>	<u>\$ 9,396,130</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 46,406	\$ 57,263
Construction payable		<u>230,902</u>
Total liabilities	<u>46,406</u>	<u>288,165</u>
Net assets:		
Unrestricted <i>(Notes 6 and 7)</i>	8,763,464	8,216,689
Temporarily restricted <i>(Note 8)</i>	<u>682,010</u>	<u>891,276</u>
Total net assets	<u>9,445,474</u>	<u>9,107,965</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,491,880</u>	<u>\$ 9,396,130</u>

*See accompanying notes to financial statements.*

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## Memorial Assistance Ministries

Statement of Activities for the year ended December 31, 2013

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE:</b>			
In-kind contributions ( <i>Note 9</i> )	\$ 1,443,959		\$ 1,443,959
Contributions	647,476	\$ 704,275	1,351,751
Special event	384,829		384,829
Direct donor benefit costs of special event	(63,975)		(63,975)
Resale store sales of donated items	1,300,137		1,300,137
Cost of donated goods sold	(1,276,706)		(1,276,706)
Government contracts	195,378		195,378
Investment return, net ( <i>Note 4</i> )	<u>55,433</u>		<u>55,433</u>
Total revenue	2,686,531	704,275	3,390,806
Net assets released from restrictions:			
Program expenditures	547,367	(547,367)	
Redesignation by donor to board-designated endowment	250,000	(250,000)	
Expiration of time restrictions	36,373	(36,373)	
Property expansion	<u>79,801</u>	<u>(79,801)</u>	
Total	<u>3,600,072</u>	<u>(209,266)</u>	<u>3,390,806</u>
<b>EXPENSES:</b>			
Program services:			
Family assistance	1,463,061		1,463,061
Resale store	662,650		662,650
Family education	<u>421,487</u>		<u>421,487</u>
Total program services	2,547,198		2,547,198
Management and general	191,674		191,674
Fundraising	<u>314,425</u>		<u>314,425</u>
Total expenses	<u>3,053,297</u>		<u>3,053,297</u>
CHANGES IN NET ASSETS	546,775	(209,266)	337,509
Net assets, beginning of year	<u>8,216,689</u>	<u>891,276</u>	<u>9,107,965</u>
Net assets, end of year	<u>\$ 8,763,464</u>	<u>\$ 682,010</u>	<u>\$ 9,445,474</u>

*See accompanying notes to financial statements.*

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## Memorial Assistance Ministries

Statement of Activities for the year ended December 31, 2012

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	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE:</b>			
In-kind contributions ( <i>Note 9</i> )	\$ 1,146,692		\$ 1,146,692
Contributions	569,130	\$ 493,176	1,062,306
Special event	246,511		246,511
Direct donor benefit costs of special event	(55,327)		(55,327)
Resale store sales of donated items	1,036,475		1,036,475
Cost of donated goods sold	(1,015,943)		(1,015,943)
Government contracts	<u>89,350</u>	<u>                    </u>	<u>89,350</u>
Total revenue	2,016,888	493,176	2,510,064
Net assets released from restrictions:			
Program expenditures	355,841	(355,841)	
Property expansion	<u>3,216,599</u>	<u>(3,216,599)</u>	<u>                    </u>
Total	<u>5,589,328</u>	<u>(3,079,264)</u>	<u>2,510,064</u>
<b>EXPENSES:</b>			
Program services:			
Family assistance	1,317,081		1,317,081
Resale store	541,349		541,349
Family education	<u>315,728</u>	<u>                    </u>	<u>315,728</u>
Total program services	2,174,158		2,174,158
Management and general	179,010		179,010
Fundraising	<u>280,713</u>	<u>                    </u>	<u>280,713</u>
Total expenses	<u>2,633,881</u>	<u>                    </u>	<u>2,633,881</u>
CHANGES IN NET ASSETS	2,955,447	(3,079,264)	(123,817)
Net assets, beginning of year	<u>5,261,242</u>	<u>3,970,540</u>	<u>9,231,782</u>
Net assets, end of year	<u>\$ 8,216,689</u>	<u>\$ 891,276</u>	<u>\$ 9,107,965</u>

*See accompanying notes to financial statements.*

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## Memorial Assistance Ministries

### Statements of Cash Flows for the years ended December 31, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 337,509	\$ (123,817)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	216,652	127,367
Contributions restricted for property expansion	(4,109)	(38,850)
Net realized and unrealized gain on investments	(43,852)	
Changes in operating assets and liabilities:		
Receivables and prepaid expenses	(17,735)	5,276
Resale shop inventory	(59,334)	(25,922)
Pledges receivable (excluding capital campaign)	85,113	80,972
Accounts payable and accrued liabilities	<u>(10,857)</u>	<u>30,816</u>
Net cash provided by operating activities	<u>503,387</u>	<u>55,842</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(561,482)	
Proceeds from sale of investments	5,254	
Change in cash and money market funds held for investment	(304,630)	
Change in cash held as board-designated endowment	600,000	(600,000)
Change in cash held for property expansion	366,707	1,426,594
Purchases of property	(304,812)	(2,761,487)
Net change in certificate of deposit	<u>(250,189)</u>	<u>103,384</u>
Net cash used by investing activities	<u>(449,152)</u>	<u>(1,831,509)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for property expansion	<u>207,876</u>	<u>1,321,996</u>
Net cash provided by financing activities	<u>207,876</u>	<u>1,321,996</u>
<b>NET CHANGE IN CASH</b>	262,111	(453,671)
Cash, beginning of year	<u>878,257</u>	<u>1,331,928</u>
Cash, end of year	<u>\$ 1,140,368</u>	<u>\$ 878,257</u>

*See accompanying notes to financial statements.*

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## Memorial Assistance Ministries

### Statement of Functional Expenses for the year ended December 31, 2013

EXPENSES	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL EXPENSES
	FAMILY ASSISTANCE	RESALE STORE	FAMILY EDUCATION	TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and related costs	\$ 318,019	\$ 394,576	\$ 278,918	\$ 991,513	\$ 121,840	\$ 261,824	\$ 1,375,177
Direct assistance	1,010,604		13,284	1,023,888			1,023,888
Depreciation	50,657	110,188	35,002	195,847	13,763	7,042	216,652
Professional services	31,780	21,416	26,613	79,809	33,846	6,322	119,977
Supplies	6,186	19,517	35,631	61,334	3,469	2,999	67,802
Utilities	10,064	35,792	7,208	53,064	4,112	1,762	58,938
Insurance	7,498	31,855	5,135	44,488	4,548	1,361	50,397
Communications	6,645	2,537	5,625	14,807	1,409	1,409	17,625
Equipment rental	10,630		6,936	17,566			17,566
Printing and postage	2,221	1,780	493	4,494	525	12,540	17,559
Repairs and maintenance	2,768	9,831	1,992	14,591	1,225	486	16,302
Marketing expense	339	6,717	2,283	9,339	818	5,379	15,536
Professional development	4,384	4,336	1,914	10,634	1,023	1,930	13,587
Other	1,266	24,105	453	25,824	5,096	11,371	42,291
Total expenses	<u>\$ 1,463,061</u>	<u>\$ 662,650</u>	<u>\$ 421,487</u>	<u>\$ 2,547,198</u>	<u>\$ 191,674</u>	<u>\$ 314,425</u>	3,053,297
Direct donor benefit costs of special event							<u>63,975</u>
Total							<u>\$ 3,117,272</u>

*See accompanying notes to financial statements.*

## Memorial Assistance Ministries

### Statement of Functional Expenses for the year ended December 31, 2012

EXPENSES	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL EXPENSES
	FAMILY ASSISTANCE	RESALE STORE	FAMILY EDUCATION	TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	
Salaries and related costs	\$ 264,669	\$ 337,862	\$ 240,022	\$ 842,553	\$ 112,199	\$ 206,817	\$ 1,161,569
Direct assistance	946,884		15,664	962,548			962,548
Depreciation	37,242	64,710	12,185	114,137	10,357	2,873	127,367
Professional services	28,128	19,367	16,353	63,848	33,072	28,459	125,379
Supplies	7,217	18,970	16,914	43,101	4,894	3,009	51,004
Utilities	10,651	39,964	3,216	53,831	5,867	760	60,458
Insurance	2,375	14,785	729	17,889	2,856	276	21,021
Communications	7,896	3,136	2,728	13,760	1,468	1,468	16,696
Equipment rental	4,607	3,436	4,345	12,388	603	57	13,048
Printing and postage	1,810	698	419	2,927	940	11,089	14,956
Repairs and maintenance	2,632	9,132	857	12,621	1,435	201	14,257
Marketing expense	531	4,449	592	5,572	805	16,801	23,178
Professional development	1,540	4,325	1,163	7,028	1,504	714	9,246
Other	899	20,515	541	21,955	3,010	8,189	33,154
Total expenses	<u>\$ 1,317,081</u>	<u>\$ 541,349</u>	<u>\$ 315,728</u>	<u>\$ 2,174,158</u>	<u>\$ 179,010</u>	<u>\$ 280,713</u>	2,633,881
Direct donor benefit costs of special event							<u>55,327</u>
Total							<u>\$ 2,689,208</u>

*See accompanying notes to financial statements.*

## Memorial Assistance Ministries

Notes to Financial Statements for the years ended December 31, 2013 and 2012

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Memorial Assistance Ministries (MAM) is a nonprofit corporation supported by member churches in the Houston area to provide basic needs services to those in need on the west and near northwest side of Houston. Its mission is to address the needs of families and individuals who find themselves in temporary crisis and in need of assistance to maintain self-sufficiency and avoid homelessness. MAM provides services to the community through the following programs:

*Family Assistance* helps families facing financial crisis avoid homelessness. This program provides cash and other assistance in the following areas:

- Direct assistance is provided for rent and utilities to eligible clients. This assistance helped prevent eviction for 1,942 families in 2013 and 1,905 in 2012.
- Medical/Health provides clients with referrals and assistance for a doctor or dentist visit or a medical prescription. A total of 927 clients were provided with healthcare referrals or assistance through this service in 2013 and 1,089 in 2012.
- Food/Household provides two area food pantries with direct financial assistance and refers our eligible clients in their direction. MAM also provides families with home care packs (cleaning and toiletries) and with sack lunches to those who show up in our offices hungry.
- Clothing is provided to qualified MAM clients by issuing vouchers that may be used in the resale store. A total of 1,261 families qualified for clothing through the MAM Resale Store at no cost in 2013 and 1,293 in 2012.
- Transportation – Metro money or gasoline vouchers are given to clients seeking jobs or newly employed, or to those needing assistance getting to a doctor, dentist or pharmacy. MAM provided transportation to 994 clients in 2013 and 938 in 2012.
- Programs for children in schools – The *Back to School* program provides school children with uniforms and school supplies. A total of 5,925 students received such assistance in 2013 and 5,714 in 2012. The *I Can See* program provides vision testing and glasses for school children. A total of 318 children benefitted from professional eye exams and new prescription glasses in 2013 and 325 in 2012.

*Resale Store* – The MAM Resale Store sells donated goods to provide a low cost source of clothing, furniture, books, toys, and household goods to families served by MAM and others in the community. The store is staffed with 75 regular MAM volunteers and serves as a site for court-ordered community service and local volunteer organizations. Students from MAM's *English as a Second Language* classes also volunteer in order to improve their conversation skills.

*Family Education* – MAM provides programming to support families who are working to improve their financial circumstances. MAM assists clients seeking employment by providing them with the education, tools, and support needed to obtain gainful employment in order to stabilize their family. Six levels of English language classes are also provided by MAM for a total of 45 classes at 5 sites. Computer classes, financial literacy, and other programs are provided throughout the year.

- Employment services – In 2013, 606 people were provided with employment services. 66% of those who completed all workshops found jobs.
- 324 adults completed the *English as a Second Language* class and 10 students took the Citizenship Preparation classes and became citizens of the United States of America.

*Immigration Program* – In partnership with Catholic Charities’ Cabrini Center for Immigration Legal Services, MAM makes immigration education and application assistance available to the community. Clients may attend information sessions and have a brief consultation with an attorney or legal case worker at no cost. If the case is eligible for our services, a consultation fee will be charged at intake. In 2013, MAM offered these services for two months and educated 14 clients, 7 of them qualified for intake interviews. Those 7 clients included Family Petition, DACA, Application for Employment Authorization Documents and an Adjustment of Status for a Refugee.

Federal income tax status – MAM is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(2). MAM files annual federal information returns that are subject to routine examination; however, there are no examinations for any tax periods currently in progress. MAM believes it is no longer subject to examinations of returns for tax years ended before December 31, 2010.

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Certificates of deposit are non-negotiable, bank time-deposits reported at face value plus accrued interest maturing in terms of 3 to 6 months.

Resale shop inventory is carried at the lower of cost or market. Donated resale store merchandise is valued at estimated fair value on the date of the gift.

Investments are reported at fair value. Investment income is reported in the statement of activities as an increase in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in temporarily restricted net assets until expended in accordance with donor-imposed restrictions.

Pledges receivable that are expected to be collected within one year are reported at net realizable value. Pledges receivable that are expected to be collected after one year are discounted, if material, to estimate the present value of future cash flows.

Property is reported at cost if purchased or at fair value at the date of gift if donated. Generally, acquisitions of property and equipment in excess of \$500 are capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 40 years.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or future time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support.

Donated materials and services – Donated materials are recognized at fair value as unrestricted contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a)

create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles. The hours contributed as volunteer services approximated 58,000 in 2013 and 54,000 in 2012 primarily in the Resale Store and in the Family Assistance programs.

Resale store sales of donated inventory are recognized as revenue at the time of sale.

Cost of donated goods sold is based on the estimated fair value of the goods that are sold in the resale store.

Government contracts revenue is recognized when the related services are provided.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform with the current presentation.

## **NOTE 2 – PRIOR YEAR RESTATEMENT**

The statement of activities for the year ended December 31, 2012 was restated to properly include the fair value of the in-kind goods donated by the public for resale, and the related cost of donated goods sold totaling approximately \$1,000,000. These changes had no impact on changes in net assets during the year ended December 31, 2012.

## **NOTE 3 – PLEDGES RECEIVABLE**

Pledges receivable at December 31, 2013 are expected to be collected as follows:

2014	\$ 228,755
2015	108,250
2016	<u>5,000</u>
Total pledges receivable	342,005
Allowance for doubtful accounts	<u>(5,000)</u>
Pledges receivable, net	<u>\$ 337,005</u>

At December 31, 2013, approximately 80% of the pledges are restricted for the property expansion capital campaign.

*Concentration* – At December 31, 2013, approximately 39% of pledges receivable are due from three contributors. At December 31, 2012, approximately 31% of pledges receivable are due from three contributors.

#### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Investments measured at fair value at December 31, 2013 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Mutual funds:				
Money market mutual fund	\$ 304,630			\$ 304,630
Corporate bond fund	168,991			168,991
Small-cap equity fund	25,266			25,266
Domestic equity securities:				
Large-cap	216,881			216,881
Mid-cap	95,502			95,502
Small-cap	14,615			14,615
International equity exchange-traded fund	<u>78,825</u>			<u>78,825</u>
Total investments measured at fair value	<u>\$ 904,710</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 904,710</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the net asset value of shares held.
- *Equity securities* and *exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities or funds are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while MAM believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return at December 31, 2013 includes earnings on cash and cash equivalents and consists of the following:

Interest and dividends	\$ 11,581
Net realized and unrealized investment gain	<u>43,852</u>
Investment return, net	<u>\$ 55,433</u>

## NOTE 5 – PROPERTY

Property consists of the following:

	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 790,105	\$ 790,105
Buildings	6,235,576	6,189,740
Equipment, furniture, and fixtures	289,918	271,153
Construction in progress	<u>9,308</u>	<u>          </u>
Total property, at cost	7,324,907	7,250,998
Accumulated depreciation	<u>(932,991)</u>	<u>(716,340)</u>
Property, net	<u>\$ 6,391,916</u>	<u>\$ 6,534,658</u>

## NOTE 6 – UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following:

	<u>2013</u>	<u>2012</u>
Undesignated	\$ 1,466,838	\$ 1,082,031
Property, net	6,391,916	6,534,658
Board-designated endowment	<u>904,710</u>	<u>600,000</u>
Total unrestricted net assets	<u>\$ 8,763,464</u>	<u>\$ 8,216,689</u>

## NOTE 7 – BOARD-DESIGNATED ENDOWMENT

The MAM Endowment Fund is a board-designated endowment established by the Board of Directors for the purpose of assisting MAM in meeting its operating needs.

Changes in net assets of the board-designated endowment funds are as follows:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Endowment net assets, December 31, 2012	\$ 600,000	\$ 0	\$ 0	\$ 600,000
Transfer	250,000			250,000
Investment return:				
Interest and dividends	10,858			10,858
Net realized and unrealized gain	<u>43,852</u>			<u>43,852</u>
Net investment return	<u>54,710</u>			<u>54,710</u>
Endowment net assets, December 31, 2013	<u>\$ 904,710</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 904,710</u>

### Investment and Spending Policies

The primary objective of the endowment fund is long-term appreciation. MAM's objective for the endowment's investment portfolio is moderate capital growth while achieving performance at least equal to appropriate benchmarks, and with some focus on income for distribution to MAM. Short-term investments should utilize enhanced cash management with emphasis on protection of principal and

current income. The long-term objective is to achieve an absolute return to support the spending objectives of the fund. These objectives are anticipated to continue without significant modification in perpetuity.

Spending policies include provisions for appropriating up to 50% of the prior year dividends and interest earned on the fund to be withdrawn at the start of each calendar year to be used for ongoing support of operations. Funds may be withdrawn in the event of an emergency, unbudgeted maintenance, or unbudgeted capital requirements, with the approval of the Board of Directors.

#### **NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Property expansion	\$ 391,034	\$ 720,838
Student education program	95,962	
Future operations	79,000	55,373
Employment services	57,771	23,335
Immigration program	21,978	
Vision and medical assistance	10,169	18,000
Shelter and other assistance	7,000	35,000
Other	<u>19,096</u>	<u>38,730</u>
Total temporarily restricted net assets	<u>\$ 682,010</u>	<u>\$ 891,276</u>

#### **NOTE 9 – IN-KIND CONTRIBUTIONS**

The majority of the items sold in the MAM Resale Store is received by contributions from the general public. The fair value of these contributions is based on the estimated sale price of each item and is recognized in the financial statements as in-kind contributions.

In-kind contributions are as follows:

	<u>2013</u>	<u>2012</u>
Resale store donated goods	\$ 1,317,810	\$ 1,024,452
Program services:		
Clothing, hygiene and other items	61,551	60,743
Christmas Share program supplies	47,587	26,933
Other	17,011	14,689
Construction professional services	<u>                    </u>	<u>19,875</u>
Total in-kind contributions	<u>\$ 1,443,959</u>	<u>\$ 1,146,692</u>

#### **NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 30, 2014, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.